

No. 33 August 17, 1981

BEIJING REVIEW

北京周报

A CHINESE WEEKLY
OF
NEWS AND VIEWS



Premier Zhao at
Manila Press
Conference

■
Inflation in
The West

■
A Second "Golden
Age" in Yichun

HIGHLIGHTS OF THE WEEK

Premier Zhao at Manila Press Conference

The relationship between the CPC and Communist Parties in Southeast Asia and the root cause of the turbulence in the region are among the questions discussed (p. 8).

Prosperity Returns to Yichun

A special feature describing the recent changes in this prefecture of Jiangxi Province resulting from the implementation of the Party's flexible rural economic policies and the spread of scientific farming. Typical of one-third of China's rural areas, Yichun has a collective economy

with a more solid foundation (pp. 22-29).

China's Economic Achievements

A brief survey of the country's economic progress in the last 32 years, supplemented by charts and statistics (pp. 17-21).

Inflation in the West

An analysis of this ever-sharpening problem that plagues so many Western economies — its causes and consequences (pp. 13-17).

North-South Dialogue: the Chinese View

At a preparatory meeting in Mexico, Foreign Minister Huang Hua explains China's stand on

the forthcoming global negotiations (pp. 9-10).

A Force in Defence of Peace

A commentary on the significant role played by the five member states of ASEAN, their mutual relationship as well as their relations with China (p. 12).



Paddyfields in east China's Jiangxi Province.

BEIJING REVIEW

北京周报

Published every Monday by
BEIJING REVIEW
24 Bolwanzhuang Road, Beijing
The People's Republic of China

Vol. 24, No. 33 August 17, 1981

CONTENTS

NOTES FROM THE EDITORS 3-4

The Domestic Situation —
Political Editor An Zhiguo
Individual Economy — Economic
Editor Wang Dacheng

LETTERS 4

EVENTS & TRENDS 5-7

Premier Zhao Visits the Philip-
pines

Huang Hua Visits Venezuela
Child Development Centre
Term of Office for University
Presidents

INTERNATIONAL 8-12

Manila: Premier Zhao at
Press Conference

North-South Dialogue: The
Chinese View

Preparatory Meeting for North-
South Dialogue

China Pledges Not to Use
Nuclear Weapons First

Iran Elects a New President —
Ren Yan

ASEAN — Constructive Co-
operation — Lu Tong

ARTICLES & DOCUMENTS

Inflation in the West — Wang
Huaining 13

On the Party Resolution:
Highlights in China's Econom-
ic Construction — Wang
Renzhi 17

SPECIAL FEATURE

A Second "Golden Age" in
Yichun
Policy and Science — Wang
Shuheng 22

Wanzai County Diversifies
Its Economy — Our Cor-
respondent Wei Min 25

Scientific Farming in
Shanggao County — Our
Correspondent Wei Min 28

BOOKS 30

HUMOUR IN CHINA 31

Published in English, French,
Spanish, Japanese and
German editions

Distributed by GUOJI SHUDIAN,
(China Publications Centre),
P.O. Box 399, Beijing, China

Subscription prices (1 year):

Australia.....A.\$12.50 U.S.A.....US\$13.50
New Zealand.....NZ.\$14.50 U.K.....£6.80
Canada.....Can.\$15.60

The Domestic Situation

There has been much talk about political instability in China. Would you please comment on this?

They are either groundless speculations or unnecessary worries.

A study of the positive results of the Sixth Plenary Session of the 11th CPC Central Committee held towards the end of June will be of help in making a correct appraisal of the actual situation.

The session elected a new chairman and six vice-chairmen of the Party Central Committee and decided that they make up the Standing Committee of the Political Bureau. The chairman is Hu Yaobang and the vice-chairmen are Ye Jianying, Deng Xiaoping, Zhao Ziyang, Li Xiannian, Chen Yun and Hua Guofeng.

The results of the election, with additional members in the prime of life taking part in the collective leadership, are a guarantee, organizationally, that China's present domestic and foreign policies will be continued.

The Third Plenary Session of the 11th Party Central Committee held in December 1978 was an important turning point in the history of the Chinese Communist Party. Efforts were made to correct past mistakes, including the serious "Left" mistakes committed during the "cultural revolution," and a Marxist line and policies were formulated once again. In the two and a half years that followed, many problems left over since the founding of the People's Republic were solved and a

great deal of work was done both in construction and in introducing reforms. All this has brought about an excellent political and economic situation in China, and is welcomed by the workers, peasants and intellectuals of the whole country.

The resolution adopted at the recent Sixth Plenary Session made a historic summary of the achievements since the founding of New China in 1949 and the experiences and lessons gained

in those years. It also made a scientific appraisal of Chairman Mao Zedong's role in history and Mao Zedong Thought. This will be of great help in rallying the whole nation for the common cause.

It can be expected that the line, principles and policies adopted during and after the Third Plenary Session will be fully implemented and that the excellent political and economic situation will continue to develop.

— Political Editor An Zhiguo

Individual Economy

Why is individual economy allowed to develop in China? Won't this engender capitalism?

Individual economy will exist for a considerably long period of time in China which is still a poor, developing country with an unevenly developed economy. The existence of individual economy as a supplement to the state and collectively owned economy is beneficial to socialist construction. The advantages are:

- Individual economy plays a supplementary role in developing small handicraft industry, retail trade, the catering, repairing and other service trades. Its existence is needed because China's present economic strength is limited and, in particular, our work in organizing social life leaves much to be desired.

- Small in scale, simple in equipment and flexible in organization and management, individual economy is adaptable to meeting the diversified needs on the market to the convenience of the consumers.

- Individual economy embraces labour-intensive trades and therefore provides more job opportunities.

- Many of those engaged in individual economy are skilled artisans who can help train a large number of apprentices with special skills.

- Competition from individual economy will spur state-run and collectively owned enterprises to improve their management.

Will individual economy engender capitalism and the bourgeoisie? The answer is no. This is because, first of all, individual economy only plays a supplementary role and operates under conditions in which the socialist public ownership of the means of production holds the dominant position. Moreover, those engaged in individual economy make a living by their own labour and do not exploit others. Even when they do employ one or two assistants or a few apprentices, they are not capitalists because they themselves take part in

LETTERS

Youth Service Teams

I read with interest the article in your June 15th issue (No. 25) dealing with the expansion of service and repair enterprises in the cities through small collectives or even household organizations. I think that it is a very good way to improve the quality of life for city people and at the same time to solve the problems of young people who have not found job assignments. Thus, I was puzzled and upset by a report from the Chinese press in May which said that in Shanghai some 100,000 already employed young people had been organized through their factories and the Youth League to provide various services free-of-charge in their spare time. I am sure that their volunteer work is appreciated by the citizenry. But I cannot help wondering, shouldn't these young people be using their spare time to study in order to make up some of the lacks in education. Why are they using their spare time to compete with other young people who are trying to establish collective enterprises? If they do not charge for their services, why would anyone ask the collectives to do the same work for them and pay for it? I would appreciate it if you would discuss this question.

Norma Diamond
Ann Arbor, Michigan, USA

labour and play the key role in their respective trades, with their assistants lending a helping hand. Besides this, they have the obligation to pass the technical know-how on to their apprentices and their relationship is governed by contracts stipulating the rights and obligations of both sides, the term of apprenticeship and the amount of remuneration for work done. These contracts are subject to approval by departments concerned.

The free-of-charge services you mentioned are provided by young people in Shanghai primarily during holidays and festivals and in rotation. The time they spend in these activities is limited and should not significantly interfere with their studies. Those volunteer service teams supplement the insufficient services of Shanghai especially during these busy periods and will not affect services managed by collectives or individuals. Compared with the 11,000 individual enterprises in Shanghai, the young people's service teams are not many.

We support the spirit of these young people who are concerned about our society and want to provide the services people need. Such efforts are part of China's attempt to attain a high ethical and cultural level.

We hope to hear from you again in the future. — Ed.

Concern and Friendship

In May 1981, I had a wonderful time cruising your Yangtze on the *East Is Red* (39).

I'm so terribly sorry to read of China's great loss in this recent flood.

Please accept my donation to be passed on to the committee

Like those working in state-run or collectively owned enterprises, those engaged in individual economy enjoy equal political rights and have the same social status.

Needless to say, supervision over individual economy should be strengthened so as to curb any illegal activities. "Those found guilty of speculation or tax evasion will be fined or punished according to law."

—Economic Editor
Wang Dacheng

that is in charge of helping the victims in this area.

Susan Ausley
Tallahassee, Florida, USA

Thank you for your concern over the flood in China and your friendship for the Chinese people.

Your donation has been passed on to the Red Cross Society of China. — Ed.

International Reports

I have been paying close attention to your international reports and I always carefully read them. I have concluded that your selection of articles is comprehensive. I believe that your exposition and judgment on issues are quite objective. I hope you will continue to make efforts in this direction.

I have been impressed with the changes in your magazine over the past few years. These changes have made the review more interesting and absorbing reading.

Jose Luis Diaz Mira
Madrid, Spain

On Energy

"Notes From the Editors" is helpful in our understanding the views of your magazine. It is very good for the editors to express their own ideas. I was interested in the article "On Energy" (No. 25, p. 3, June 22 this year). The questions expounded on in this article are critical issues for the second and third world countries and are a key link to understanding the actions of the two superpowers, especially the more aggressive Russia.

Gonzalo Alarcon
Bogota, Colombia

Nature of Chinese Society Today

It is a pleasure to read the excellent article "Nature of Chinese Society Today" by Feng Wenbin in the *Beijing Review* No. 23. A discussion such as this is in the correct Leninist way, and will lead to tremendous growth and strength of the Communist Party of China.

Emil P. Fernstrom
Millington, N.J., USA

FOREIGN
RELATIONS**Premier Zhao Visits the
Philippines.**

Premier Zhao Ziyang paid a fruitful 4-day visit to the Philippines. During his visit (August 6-9), the Premier held friendly and cordial talks with President Marcos. Both sides exchanged views on the international situation and discussed urgent problems facing Southeast Asia and the prospects of their bilateral relations. They also exchanged experiences on the economic construction in each of their countries. Both sides shared similar views on a series of important issues. This would be helpful to the further promotion of friendship and co-operation between the two countries, and the increase of mutual understanding, trust and friendship between China and all ASEAN countries. It would also be beneficial to the peace and stability of the Southeast Asian region.

Premier Zhao went to the Philippines to deepen mutual

understanding and friendship and enhance co-operation between the two countries. The warm reception by the Filipinos greatly impressed the Chinese guests. When Premier Zhao arrived in Manila, President and Madame Marcos went to the airport for the arrival ceremonies. Hundreds of thousands of people lined the 13-kilometre-long route from the airport to the guest house of the presidential palace to welcome the Chinese guests.

That evening, President Marcos gave a banquet for Premier Zhao. The President conferred the order of Sikatuna (grade raja) on Premier Zhao Ziyang for his contribution to the friendship between the two countries.

Madame Marcos gave a banquet attended by 2,000 people on August 8 for the Chinese guests.

In addition, Premier Zhao met with Philippine Prime Minister Cesar A. Virata and laid a wreath at the monument to the Philippine national hero Jose Rizal; visited the Philippine National Art Centre and the International Rice Research Insti-

tute; and met with the representatives of overseas Chinese and Philippine citizens of Chinese origin.

At a press conference before leaving Manila, Premier Zhao stated: "I personally feel that President and Madame Marcos attach great importance to Sino-Philippine friendship. Everywhere we went, we saw, the Philippine people's profound friendship for the Chinese people." He added: "During the visit, we have not only seen the natural beauty of the Philippines, but, more importantly, we have seen the great achievements of the Philippine Government and people in developing their national economy and national culture. We have a deeper understanding of your staunch will to safeguard independence and defend peace." (For full report of the press conference, see p. 8.)

**Huang Hua Visits
Venezuela**

Vice-Premier and Foreign Minister Huang Hua was in Venezuela for a 3-day official visit (Aug. 3-6).

While in Caracas, Huang Hua and Venezuelan Minister of Foreign Affairs Jose Alberto Zambrano Velasco held talks on bilateral relations and international issues of mutual concern.

They agreed that the just concluded Cancun Foreign Ministers Meeting in preparation for the International Meeting on Co-operation and Development had reached its goal. This meeting had created a favourable atmosphere for the summit meeting scheduled in October. They also considered that the recent international conference on Kampuchea was a success.

Premier Zhao greeted by President and
Madame Marcos at Manila Airport.



In the talks, Zambrano expressed satisfaction that relations between the two countries were becoming closer. Huang Hua stressed that the Chinese Government and people were sure that Venezuelan President Herrera's visit to China, planned for early November this year, would further relations between the two countries.

On August 5 President Herrera received Huang Hua with whom he had very friendly conversations. The Venezuelan President said that his country attached great importance to its relations with China. The two countries have many points in common in their international policies, he said. "Both our countries desire independent development; both are determined to face up to the threats posed by superpower blocs. Our two countries also desire justice for the peoples and peace for the world."

Huang Hua noted that China and Venezuela are confronted with similar problems in their efforts to develop national economy and raise the people's living standards. The two countries need to exchange experience and learn from each other. In the current turbulent world situation, increased contact and consultation between the two countries and co-ordination of their stand conform to the interests of the peoples of the two countries, and also to the peoples' aspirations for world peace.

SOCIAL

Child Development Centre

The China People's National Committee in Defence of Children plans to set up a child development centre to improve child welfare work. Children

under 16 number about 380 million in China today.

At an inter-regional staff seminar sponsored by the United Nations Children's Fund, Zhang Shuyi, general secretary of the national committee, gave an account of the work done in this field. The seminar was held successively in Beijing, Qingdao and Shanghai from June 26 to July 16, and was attended by 32 participants from the UN Children's Fund New York Headquarters and its 18 regional offices in Asia, Africa and Latin America.

Zhang Shuyi said that much has been accomplished in child welfare work in the past 32 years. Children are not only better fed and dressed but also much healthier. However, she said, the systematic study of child psychology and the children's intellectual and physical development has yet to be made and it is necessary to improve research work in this respect so as to raise child welfare work to a new level.

During the seminar, James Grant, executive director of the United Nations Children's Fund, said that what struck him most was "the physical well-being of the Chinese people, in terms of nutrition, education and dig-

nity." He added that there had been "tremendous improvement" in the children's welfare, education and nutrition. James Grant lived in China when he was young, and in 1946-47 he visited Hebei Province when he was working for the United Nations Relief and Rehabilitation Administration (UNRRA). He was happy to note that the Chinese committee in defence of children is planning to set up a child development centre.

General Secretary Zhang Shuyi pointed out that "we should not rely solely on the government" and that society as a whole should help with manpower and resources to improve the children's welfare. For this purpose a children's foundation has been set up and it is hoped that help will be forthcoming from every quarter.

The call to attach great importance to child welfare work, issued by the Secretariat of the CPC Central Committee in March this year, has met with enthusiastic response.

—The General Office of the CPC Central Committee allocated 12,000 yuan for buying urgently needed articles for primary and middle schools in Beijing:



A library for children in Shanghai.

Facts and Figures

- About 18 million infants are born every year in China. There are nearly one million nurseries and kindergartens accommodating about one-fourth of pre-school children today. They are run by government organizations at various levels, neighbourhood committees, factories and communes. A few are run by individuals.

- Infant mortality has dropped from 200 per thousand before liberation in 1949 to 12 per thousand in the Chinese cities and to 20-30 per thousand in the rural areas. Chinese children receive preventive inoculations free of charge. Maternity and child-care clinics have been set up across the country. The incidence of infantile paralysis dropped from 0.0677 per thousand in 1963 to 0.0109 per thousand, according to a 1980 report based on information from 3,000 epidemic-prevention stations. Only three children suffered from infantile paralysis in Beijing last year and no one died. Smallpox, cholera, the plague and kala-azar have been eliminated or basically wiped out.

- In 1980, more than 146 million children were enrolled in primary schools, or 93 per cent of the school-age children as compared with 20 per cent before 1949.

—The All-China Women's Federation gave 2.2 million books to children in rural areas. This means 10 sets, each consisting of 100 books, for each of the 2,000 counties in China;

—The Chinese Academy of Sciences presented scientific and technological apparatuses worth 140,000 yuan to the youngsters' scientific and technological experimental centre in Beijing's Xicheng District;

—Editors and journalists from 40 children's newspapers and magazines met recently to discuss how to run the newspapers and periodicals better to meet the special needs of children.

All under the age of 55, the newly appointed vice-presidents have been teaching at the institute, one of the key polytechnic institutes in China, for a long time and have rich experience in scientific research and management.

This is the first time that vice-presidents at Harbin Engineering Institute have been given a fixed term of office. Previously, appointments were actually life-long at all institutes of higher learning.

Now it has become a national policy that the appointment of scholars to be university presidents and vice-presidents shall have a fixed term of office. Generally appointments will not be renewed. The reform is in accord with the spirit of the Party Central Committee's decision to eliminate the practice of life-long appointments and is intended to ensure that scholars have an opportunity to enter administration but not at the expense of their professional knowledge.

This spring, the State Council endorsed the resignations of

President Zhou Peiyuan, 78, and Vice-President Feng Ding, 79, of Beijing University and appointed Zhang Longxiang, a 65-year-old biochemistry professor as president. Vice-President Wang Xuezhen, 54, studied law at Beijing University in the 1940s and is one of the excellent cadres to have emerged since liberation.

Economic Briefs

- Half-yearly plans for the petroleum industry have all been met. In the first six months of this year, 50.1 million tons of crude oil and 6,130 million cubic metres of natural gas were produced and 35.73 million tons of oil refined, all well over the half-way mark of the annual plans. State targets for drilling were also topped in all the oilfields across the country. The Daqing Oilfield, the largest in China with an annual output of 50 million tons in the last five years, produced 25.4 million tons of oil in the first half of 1981.

- The longest railway bridge spanning China's second longest river, the Huanghe, at Jinan in Shandong Province opened to traffic at the end of last June. Built on the newly laid double-track section of the railway line from Tianjin to Nanjing, it is 5.7 kilometres long including the approaches at both ends. It is the 13th bridge built across the Huanghe after the founding of the People's Republic.



EDUCATIONAL

Term of Office for University Presidents

The State Council recently appointed three professors and one lecturer as vice-presidents of Harbin Engineering Institute in Heilongjiang Province, for a term of four years.

Manila

Premier Zhao at Press Conference

PREMIER Zhao Ziyang held a press conference in Manila on August 9. Below are some of the highlights of his answers to a number of questions:

The Relationship Between the CPC and Communist Parties in the Southeast Asian Countries

The relationship between the Chinese Communist Party and the communist parties in the Southeast Asian countries, which began long before China established diplomatic relations with these countries, is a political and moral one. Any problem involving these parties is a domestic problem of these countries. How it is handled is completely up to them; China will never interfere. Nor will China interfere in the internal affairs of these communist parties.

We have made great efforts over the years to resolve this historical problem so that it will not become a stumbling block in the development of relations between China and the ASEAN countries.

China sincerely wishes the ASEAN countries peace, stability and prosperity and sincerely hopes they would become more powerful and united. The more powerful they become and the stronger their unity, the better.

The International Conference on Kampuchea

The international conference on Kampuchea held not long ago in New York was a success.

This was due to the efforts of the nations attending the conference, particularly the ASEAN countries. The conference condemned the Vietnamese aggression, demanded the withdrawal of Vietnamese troops and put forward a series of suggestions on the maintenance of Kampuchea's peace, neutrality, non-alignment and territorial integrity. Fundamentally speaking, China and the ASEAN countries have taken the same stand in attempting to solve the Kampuchean problem. Contradictions of one kind or another invariably arise at any international conference and it is precisely for this reason that it is necessary to hold meetings.

In the days to come, China will continue its efforts, along with ASEAN countries, in striving for a fair and reasonable settlement to the Kampuchean problem.

The Root Cause of Turbulence in Southeast Asia

The root cause of the turbulence in Southeast Asia lies in Soviet global hegemonism and Vietnamese regional hegemonism.

The Soviet Union supports Viet Nam in its armed invasion of Kampuchea for the purpose of expansion and aggression in Southeast Asia. Therefore, the Kampuchean problem is neither an accidental event nor a regional issue. It is a component part of the Soviet Union's overall strategy for global expansion. If Viet Nam is allowed

to carry on its expansion, it will not be Kampuchea alone but other Southeast Asian countries as well which will be subjected to its aggression and sabotage.

Thus, the Kampuchean problem is by no means a manifestation of a conflict of interests between China and the Soviet Union, but a Soviet threat to Southeast Asia and the Pacific Ocean. China, the ASEAN countries, Japan, the United States, Australia and New Zealand should make common efforts to counter this threat. In its attempt to find a pretext for aggression, Viet Nam has made a lot of noise about the so-called "threat from China." In fact, no China threat to other countries has ever existed. With a vast population and a weak economic foundation, China faces the major tasks of how to solve the problems of food, clothing, housing and education. We need a peaceful international environment and desire friendship with other countries. China will never aspire to be a superpower, nor will it seek hegemony, carry out subversive activities against other countries or seek any sphere of influence. It will adhere to the Five Principles of Peaceful Coexistence.

Where does the threat to the Southeast Asian countries come from?—this is a question of strategic importance. Failure to make a correct judgment about this will lead to an erroneous policy and incur grave consequences. We are happy to see that the understanding and trust between China and various ASEAN countries is increasing. This is of great importance to the safeguarding of peace and stability in this region.

North-South Dialogue: The Chinese View

Chinese Vice-Premier and Foreign Minister Huang Hua addressing the preparatory meeting on co-operation and development on August 1 said: "As a developing socialist country, China has always been ready to play its part in promoting the North-South negotiations and to help improve the economic relations between the developed and the developing countries." Following are highlights of his speech:

Urgency of Improving North-South Relations

The main task of the third world countries following their political independence is to develop their independent economies, reduce and eliminate their economic dependency, and carry out fundamental transformation of the economic structure left over from the pre-independence days. This is a trend of our time.

The old international economic order has not undergone the necessary changes in conformity with this trend. As far as North-South relations are concerned, the old international economic order means unjust and unequal treatment of the developing countries in the production, trade, monetary and financial fields, in which they have no say nor any decision-making power that are due them. Herein lies the crux of the increasingly acute contradictions in the North-South economic relations. In the present grim political and economic situation in the world, the urgency and importance of improving North-South economic relations can never be overstressed.

For a New International Economic Order

The economies of all countries are closely interrelated. At present, as in the past, the economic development in the developed countries depends to a large measure on the developing countries. It is inconceivable that the economies of the developed countries can do without the large amount of energy and strategic raw material supplies from the developing countries and the vast commodity markets and areas for investments available there. The maintenance of the old international economic order, the restriction of the economic development of the third world countries and the prolongation of their poverty and backwardness would only lead the developed countries to an increasingly narrow path for their own economic development. It is apparent that the only wise alternative is to readjust the North-South relations and establish a new interna-

tional economic order in accordance with the principles of equality and mutual benefit, equity and fair treatment.

We also want to stress that the establishment of a new international economic order is an important political question having a bearing on the maintenance of world peace and stability. The strained relations between the North and the South, the worsening economic conditions in the developing countries and the resultant turbulence in those countries may all provide the hegemomists with opportunities for carrying out aggression and expansion, thus gravely menacing world peace. We hope that in considering the economic relations between the North and the South, the summit conference will go beyond purely economic considerations and base itself on the present reality in international politics and weigh the pros and cons from the overall strategic point of view.

Ottawa Conference

We have noted that the communique of the Ottawa Conference of seven Western powers

Preparatory Meeting for North-South Dialogue

THE two-day preparatory meeting of 23 foreign ministers for the convening of the October international meeting on co-operation and development (North-South Dialogue) closed in Cancun, Mexico, on August 2. The Soviet Union did not participate, while Cuba's request to attend was rejected.

In preparation for the international conference on co-operation and development proposed by Mexico and Austria, foreign ministers of 11 countries met twice in Vienna in September last year and last March, when the decision was made to hold a summit conference in Cancun from October 22 to 23.

A communique issued by the preparatory meeting states that the aim of the summit conference is to promote global negotiations for eliminating economic differences between the developed and developing countries. Global negotiations will be held under the auspices of the United Nations. The coming summit conference will be political in character, conducted in an open and informal atmosphere, not holding talks to solve any specific issues but to provide an opportunity for an exchange of views on major issues of international co-operation for development.

attached certain importance to the North-South economic relations and expressed their intention to carry out consultations and co-operation with the developing countries through the Cancun meeting and global negotiations. We welcome this position they take, though it falls short of what we had expected. We hope that the developed countries will continue to go forward and, together with the developing countries, enable the Cancun meeting to achieve positive results and help the global negotiations get under way as soon as possible.

Current Plan of Action and Long-Term Objective

The establishment of a new international economic order is a long-term and arduous task which cannot be fulfilled overnight. It, therefore, requires us to start out with those issues which call for immediate solution and can be solved, work out a current programme of action, and make steady progress towards the long-term objective in an accumulative process. It would be unrealistic to regard the long-term objective as a programme of action which can be realized right now. On the other hand, a current programme of action would prove undesirable if it is to be divorced from the long-term objective of establishing a new international economic order.

Summit Conference in October

The forthcoming international meeting on co-operation and development will be a meeting of heads of state, a meeting of a highly political nature. Therefore, we are of the opinion that it will be best

if the summit conference can lay emphasis on reviewing and appraising North-South economic relations from both political and economic angles so as to reach a common understanding on the importance and urgency of improving these relations. Such a common understanding

will help the summit conference explore the ways to tackle some outstanding issues in North-South economic relations and put forward useful suggestions. In this way, the summit conference will be able to give a strong impetus to the global negotiations.

China Pledges Not to Use Nuclear Weapons First

CHINA will never, at any time or under any circumstances be the first to use nuclear weapons, nor would it use them against non-nuclear-weapon states or nuclear-free zones," Yu Peiwen, head of the Chinese delegation, told the plenary meeting of the Geneva Committee on Disarmament on August 4.

Yu said: "It is legitimate and reasonable for the numerous states without nuclear weapons to oppose nuclear threats and to require that security assurances be provided by those with nuclear arsenals that they will undertake not to use or threaten to use nuclear weapons against the non-nuclear states."

He added, "The fundamental security guarantees to be provided by the nuclear-weapon states to the states without nuclear weapons should be the complete prohibition and total destruction of nuclear weapons. However, as the nuclear-weapon states have hitherto failed to provide such guarantees, they should at least give the other states negative security assurances, that is, the unconditional commitment not to use or threaten to use nuclear weapons against them."

On the present world situa-

tion, he stressed: "It is the two superpowers with their enormous nuclear arsenals that pose a serious threat to the security of non-nuclear-weapon states."

Yu Peiwen criticized some nuclear-weapon states for their two-faced stand on nuclear weapons. They continue their own vertical nuclear proliferation as they increase their stockpiles but are afraid of possible horizontal nuclear proliferation to non-nuclear-weapon states. They even attempt to deprive or limit non-nuclear-weapon states' rights to peacefully use nuclear energy. He emphatically pointed out that the horizontal nuclear proliferation can be prevented only by prohibiting the vertical nuclear proliferation of the superpowers which are continuing to expand their nuclear arsenals and make nuclear threats.

He went on to say, "China is opposed to nuclear monopoly by major powers. Like many other peace-loving countries, China does not advocate or encourage nuclear proliferation. And we are emphatically opposed to any production of nuclear weapons by racists and expansionists such as those in South Africa and Israel."

At the end of his speech, he stressed: "China has unilaterally undertaken the unconditional commitment not to use or threaten to use nuclear weapons against non-nuclear-weapon

states and suggests that, when an international convention on security assurances is elaborated, the inclusion of such commitments should be taken into consideration."

Iran Elects a New President

ON August 3 Mohammad Ali Rajai took office as President of Iran and formed a new cabinet. Will there now be stability in this strategic Gulf country? Will events take a turn for the better? But whatever happens, the world is watching with concern.

With the official investiture of Rajai as the second President of the Islamic Republic of Iran, developments in this country have entered a new phase. The power struggle inside Iran will assume a new form. The dismissed President Banisadr has fled to France and the head of the powerful underground opposition group the Mujahedeen Khalq has left the country too. But Nabavi the Iranian government spokesman told Radio Iran on July 27 that the conclusion of the presidential election does not mean the end of the struggle between the government and opposition forces. The Mujahedeen Khalq Organization, People's Fedayeen and other underground factions have taken up arms and are joining forces to overthrow the present regime.

After Bazargan

After Mendi Bazargan was forced to resign as premier in November 1979, the conflict between President Banisadr and the Islamic Republican Party leadership took centre stage. Banisadr, a devout Moslem and regarded inside the country as a Western-educated liberal, was elected President because Kho-

meini needed him to run the government. He won decisively in the presidential elections last year when at the crucial moment Khomeini got Ayatollah Beheshti to pull out of the elections. Ideologically, Banisadr was not to the liking of the clergy. He had considerable support among intellectuals, members of the middle class and the merchants and small capitalists in general. Banisadr took a stand not entirely the same as the Islamic Republican Party leadership's on such issues as the composition of the cabinet, the US hostages, the war with Iraq, the freedom of the press and the management of the economy. The differences were reflected in the accusations and counter-accusations that appeared in the newspapers. Outwardly, Khomeini maintained a neutral position in the conflict until Banisadr became too intolerable for Khomeini.

After Banisadr

Following a ban clamped down on several newspapers, including the *Islamic Revolution* early last June, Banisadr was removed from office. Tension mounted. The Iranian authori-

ties began to crack down on opposition and have already executed more than 300 people. Mohammad Reza Sاداتi, a member of the Central Committee of the Mujahedeen Khalq Organization who has been put into custody for two years, and other 15 leaders of the Left were sentenced to death on July 26. There also has been a series of political assassinations and some people even suspect that Iran is close to civil war.

When Khomeini confirmed Rajai's appointment as President of Iran, the Iranian leader's son announced in a statement that Khomeini wanted Banisadr and other politicians with him in France to return, possibly for the sake of conciliation and stability. Banisadr, however, is reported to have declared that he is set against the present regime.

Conflict is still going on. After Rajai was officially sworn in before the Majlis on August 3, a large bomb exploded near the Prime Minister's office. In the week before this, there was a spate of bombings all over Iran.

Khomeini's warning given at Rajai's inauguration on August 2 is significant. He told the new President: "If you default, then the 13 million or so people who have voted for you will demand an account from you . . . having gone through a revolution, the masses are not likely to submit to anyone unconditionally."

— Ren Yan

ASEAN — Constructive Co-operation

THE five member states of the Association of South-east Asian Nations (ASEAN) — Indonesia, Malaysia, the Philippines, Singapore and Thailand — are strategically placed about

the passage linking the Pacific and the Indian Oceans. They are increasingly feeling the threat posed them by a belligerent, expansionist Viet Nam, backed by that hegemonist

superpower the Soviet Union. Viet Nam's armed occupation of most of Kampuchea, its control over Laos and its repeated armed incursions against Thailand, ASEAN's frontline state, are chillingly ominous to the world community and particularly alarming to the ASEAN countries. This is one compelling reason behind ASEAN members upgrading their regional co-operation to develop their economies and to strengthen their defences. At the same time, they are making efforts to win more support from the international community in their resistance against Soviet and Vietnamese hegemonism. Greater unity and co-operation among the ASEAN countries is allowing them to play a more active role in defending peace in Southeast Asia and the world at large.

Tighter Regional Co-operation

One distinguishing feature of ASEAN regional co-operation is its growing economic co-operation. Since 1976, several economic conferences at ministerial level have been held to work out plans for more co-operation in depth and scope. Oil-exporting Indonesia and Malaysia are giving priorities to Philippine, Thai and Singapore orders for oil. Preferential trade agreements have been introduced in the region and commodities involved have increased to 6,000 kinds. Co-operation among ASEAN countries is also growing in other fields such as agriculture, navigation, industry, finance and tourism.

ASEAN is not a military bloc, but each member is now looking seriously to its defence in face of the increasing threat posed by Soviet and Vietnamese

hegemonism. Bilateral and multilateral military co-operation is developing among ASEAN members who have pledged to render support to each other in case of foreign aggression. Last year, when Thailand was attacked by Viet Nam, the other ASEAN countries made it quite clear to Hanoi that they would resolutely support Thailand against Vietnamese aggression.

Over the last few years, ASEAN countries have kept each other informed about their diplomatic activities, co-ordinated plans and taken concerted action against aggression and interference from outside. Differences and contradictions in ASEAN ranks have not prevented them from taking a common stand over major issues of principle and strategy vis-a-vis the threat from the Soviet Union and Viet Nam. This has given ASEAN nations a greater clout in the world affairs, particularly in and around this region and has thwarted Soviet and Vietnamese attempts to sow discord and foment trouble.

More Active Role

In the struggle to safeguard national independence and state sovereignty and to counter the threat from hegemonism, the ASEAN countries pay much attention to obtaining international support and assistance. They have strengthened ties with the United States, Japan, the EEC countries, Australia, New Zealand and other countries. ASEAN's position and role in the world struggle against hegemonism have been constantly enhanced.

The stand taken by the ASEAN countries on Kampuchea and their actions taken to defend this have demonstrated

that they are a force to be reckoned with in current international politics. Immediately after Viet Nam's invasion of Kampuchea, the ASEAN countries denounced in no uncertain terms Viet Nam's violation of the UN Charter and encroachment upon another country's territory and sovereignty. They have continued to give recognition and support to the Democratic Government of Kampuchea and have refused to recognize the puppet Heng Samrin regime installed by Viet Nam. At the 1979 and 1980 United Nations General Assemblies, the ASEAN countries upheld justice and firmly defended the legitimate seat of Democratic Kampuchea in the United Nations. They sponsored resolutions at the UN demanding that Viet Nam withdraw its troops from Kampuchea. This year, the ASEAN countries have worked hard to have the UN resolutions on Kampuchea implemented. At the meeting of the Islamic foreign ministers and also at the conference of foreign ministers of non-aligned countries, ASEAN members once again roundly condemned Vietnamese aggressive acts and called for the withdrawal of the Vietnamese troops. The Soviet Union and Viet Nam recently rejected the ASEAN proposal to convene an international conference to solve the Kampuchean problem. They suggested that the ASEAN countries and the Indochinese countries sit down together and hold a "regional conference." This barefaced attempt to counter and sabotage the relevant UN resolutions on Kampuchea and to have the puppet Heng Samrin regime accepted by the world was firmly

(Continued on p. 21.)

Inflation in the West

by Wang Huaining

THE capitalist world today is in the grip of inflation. In some countries, the annual rate of consumer price rise has reached double digits. Not only does inflation itself exert a great influence on every aspect of the economy, but it also is accompanied today by high unemployment rates, economic crises and stagnation, and sharp fluctuations in currency exchange rates.

The occurrence and growth of inflation are closely connected with the state monopoly capitalism's continuous interference in the national economy. In addition to deficit financing and expanding government investment and consumption, the governments of the Western countries use different kinds of inflationary financial policies to encourage private investment and consumption, solve contradictions arising in the process of capitalist reproduction and avoid economic crises caused by over-production. As a result, the volume of currency far exceeds actual needs in circulation. With increasingly higher deficit financing and inflated credits, inflation grows worse and worse.

After World War II, inflation emerged in all Western countries. Developments varied but the same trend can be found everywhere, relatively mild at first but growing graver and graver.

Three Stages

(1) In early postwar period, that is in the late 1940s, prices in all the Western countries shot up. In Japan, a loser in the war, the average annual rate of increase of consumer prices was 67.8 per cent from 1946 to 1949, a 4.7-fold increase. In the United States, which grew rich in the war, the annual rate of increase for consumer prices in the same period was 7.3 per cent, which was fairly high though much lower than in Japan. There were two reasons for the rapid rise in consumer prices: First, the economies of many

countries were seriously damaged during the war and had to be rehabilitated. Even for the economies of countries which were not gravely damaged, there was the problem of transition from a war-time economy to a peace-time economy. They too required greater government spending to help the economy to recover and readjust. This led to large deficit financing and a greater supply of money. Second, with the conclusion of the war, large quantities of means of production were urgently needed to restore production and large quantities of consumer goods to meet consumer demand. As production could not keep pace with demand, there were shortages and this drove prices up.

(2) In the 1950s and 1960s, the Western countries entered a period of chronic inflation. They did not give up the policy of deficit financing although it was a period of peace. With few exceptions, these countries registered huge deficits year after year, and the amount of currency increased relatively rapidly.

On the one hand, the economies of the Western countries developed fairly rapidly boosted by the technological revolution and certain readjustments made by state monopoly capitalism to production relations. On the other hand, the accumulative deficit financing in these countries was not too high and the issuance of public bonds made up only a small part of the national economy. During this period, known as that of "creeping inflation," the average annual rate of increase in consumer prices hovered between 1 to 6 per cent.

(3) During the 1970s, particularly after the most serious postwar economic crisis of 1973-75, inflation in the West grew rapidly worse. At the end of the 60s, the average annual increase of consumer prices in the main capitalist countries was 5-6 per cent, by the end of the 70s, it had risen to 9.4 per cent. It reached double digits, 11 per cent, in the 80s. In the United States, consumer price hikes topped 13 per cent in the past two years. This sort of situation stems from long-

Wang Huaining, lecturer at the China People's University

term pursuance of the policy of deficit financing and "cheap currency." Total financial deficits have now attained unprecedented figures and inflated credits surpassed actual needs in economic development, while production slowed down considerably owing to the sharpening of contradictions, including inflation. This phenomenon has been named "stagflation."

Temporary Boost

In Western countries, there is the huge contradiction between production and consumption in the process of reproduction. On the one hand, the capitalists blindly expand production in pursuit of profits and to avoid losing out to their competitors. On the other, under the exploitative capitalist system, the ability of the working people to pay is constantly being whittled down in comparison with production and the gap between the two grows ever larger. In the capitalist world, cyclical economic crises occur. The onslaught and damage caused by the economic crises force the monopoly capitalists to seek various kinds of countermeasures. Thus state monopoly capitalism appears to use the power of the state to intervene in the economic developments in an attempt to solve the contradiction which capitalism has never managed to solve.

State monopoly capitalism will of course not adopt any method which reduces the exploitation of the capitalists to mitigate the acute confrontation between production and consumption in society. It first of all has to guarantee the profits of the capitalists, especially the superprofits of the monopoly capitalists. Under these circumstances, it adopts the method of creating extra purchasing power to increase and spur consumption to narrow the gap between production and consumption. That is to say, it carries out a policy of deficit financing in enlarging government spending without increasing government revenues, while pursuing the monetary policy of "cheap currency" to stimulate people to borrow money to invest and purchase. The result of this is to increase the supply of currency to vastly overtake actual currency requirements. Inflation appears and there is the inevitable depreciation of paper money and spiralling price rises.

But from the short-term point of view, inflation can spur capital investment and personal consumption. This is manifested mainly as follows:

(1) Increase the social purchasing power of certain sectors by expanding government deficit financing and thus stimulating the economic development of the whole society to a certain degree.

Normally, government expenditure is conditioned by financial revenue. The price for enlarged government expenditure is increased taxes and lowered private spending (including investment and consumption). But this enlarged expenditure does not increase society's total purchasing power, only turning private spending into state expenditure. The result is, however, entirely different when a government practises inflation and deficit financing. The government's extra expenses (manifested in deficit financing) are mainly made good by the issue of more banknotes and expanding government credits (such as more government bonds). In this way, extra purchasing power is created by the government in addition to society's original ability to invest and consume. It will more or less temporarily mitigate the contradiction between production and consumption, reduce overproduction and enable the process of reproduction to proceed fairly smoothly.

Government-created inflation and enlarged spending not only temporarily increases the social purchasing power but through providing a stable and profitable home market for the monopoly capitalists, also stimulates capitalists to increase investments and production and also creates conditions and possibilities for them to accelerate capital accumulation.

The Western countries spend a relatively large amount on social welfare to mitigate the class contradiction and to enable social reproduction to develop and expand smoothly. In the United States, social welfare in the 1950s made up 20 per cent of the total expenditure but it has now gone up to 40 per cent. In some West European countries social welfare expenditure is proportionately much higher. Although social welfare expenditures pay for health and education as well as relief, the costs ultimately are paid for by the workers directly, or indirectly through the exploitation of the workers. But for a while it does temporarily blunt the class contradiction. At the same time, as social welfare does provide a certain guarantee in quantity and quality for the reproduction of manpower, it has been an important factor in the relatively fast development of the economies of the Western countries in postwar years.

(2) Improved monopoly capital profits encourage capitalists to enlarge production through inflationary practices.

Inflation brings the monopoly capital larger profits directly from enlarged government investment and expenditure as well as from heavier exploitation of the workers, because inflation is a recurrent phenomenon, the wage increases of workers never catch up with the price hikes. In the United States, for example, real wages in 1979 dropped more than 5 per cent compared with 1973 and was only on a par with wages in the mid-1960s. Rising labour productivity in addition to real wages falling mean much heavier exploitation of the workers by the capitalists. US workers' wages formed 38.5 per cent of the net value of output of enterprises in 1954 and fell to 29.2 per cent in 1973. It is still falling. Heavier exploitation boosts profits for capital much faster than the workers' pay rises. Increased returns stimulate monopoly capital to enlarge investments and squeeze more surplus value and also accumulate more capital for enlarged reproduction or for more investment.

Rising prices and higher profits give a false impression of prosperity. At the same time, the circulation of currency is speeded up. In the United States, the annual turnover of current deposits in 1948 was 18.2 times and in 1979 it was 175 times, an almost ninefold increase. This created the impression of increased demand which reinforced the false impression of prosperity and stimulated the capitalists to enlarge production.

(3) Inflation stimulates people to buy faster, or even to borrow to buy. This has temporarily eased the contradiction between production and consumption and served to promote the development of production.

With prices rising, people spend their money quickly in an attempt to avoid loss by devaluation. To avoid inflation hurting their future earnings, people more and more resorted to buying on credit.

At present buying on credit makes up a large proportion of the total sales of commodities. US private debts, which in 1950 accounted for only 36.9 per cent of the disposable national income, have now gone up to 84 per cent.

Because of the temporary stimulus it has on economic development, inflation has spread

throughout the capitalist world, and it is getting from bad to worse.

Grave Consequences

Prolonged inflation is now clearly seen not as a panacea but as a toxic booster. A temporary stimulus ultimately harms the whole economic body. One serious consequence is that almost all Western countries are now in the grip of "stagflation."

Inflation is a kind of disease in the sphere of circulation. It first of all impairs the normal function of currency. Owing to inflation, banknotes as symbols of value are now in a process of sustained depreciation. For example, the US dollar is now only one-fifth its value in the early postwar period, and the British pound is only one-tenth of its original value.

Stability is demanded of banknotes as a measure of value, but continual devaluation of the currency is in sharp conflict with its role. This not only negatively affects an accurate measurement and comparison of the value of the various kinds of commodities, but also causes confusion to the currency system. Furthermore, it prevents the smooth process of reproduction.

Other consequences caused by inflation on the economy are:

(1) Heavier exploitation of workers and intensified contradiction between production and consumption.

Inflation in the capitalist world is a form of redistribution of the national income by the monopoly bourgeoisie. It benefits the monopoly bourgeoisie, not the workers. It has a very clear class nature. Inflation, which can give a temporary boost to the development of the economy, essentially relies on the exploitation of the workers to accomplish this. So, the longer inflation goes on, the greater the reaction. It will inevitably aggravate the basic contradictions of capitalism.

An important cause of inflation is deficit financing. While enlarged government spending does not directly come from additional taxes, it is actually a hidden form of tax imposed on the workers, through prolonged inflation. Moreover, additional taxes are inevitable. Because the principal and interest of public bonds must be paid for, the governments will either have to issue more public bonds or be compelled to collect more taxes. They will have to create new debts to pay off the old debts.

In the United States, taxes appear together with deficit financing. Taxes which accounted for 25 per cent of the national income in 1948 rose to 36.4 per cent in 1979. As a result, the burden of government financial deficits made good by price hikes and more taxes fall completely on the working people. The purchasing power of the workers is further depressed, and at the same time production is blindly enlarged with stimulus given by inflation. Production and consumption must inevitably clash.

(2) The Western economies have become debt-ridden economies and the stability of economic development has been damaged. Constantly expanding credit is an important means of the Western countries to practise inflation. Under these circumstances, public and private debts grow rapidly. During the 25 years between 1953 and 1978 the US gross internal debt increased six times, from 558 billion dollars to 3,506 billion dollars. The growth rate of debts far surpassed that of the growth rate of both industrial and agricultural production. The Western economies rely on continuously expanding their debts to continue and develop.

This is because firstly, public bonds occupy an increasingly great percentage of budgetary outlay. For example, in Japan, 40 per cent of the budget appropriation in 1979 relies on the issuance of public bonds. The sharp increase of public bonds makes it increasingly difficult for state monopoly capitalism to intervene in economic developments through the instrument of the state budget. The consequences are not hard to imagine, for the Western economies today cannot do without state financial support.

Secondly, credit capital plays a very important and growing role in the development of enterprises. In Japan, credit capital accounts for about 80 per cent of the gross capital of enterprises. Even in the United States, where credit capital is very low, it still makes up about 50 per cent of the capital investments of enterprises. The increasing importance of credit capital increases the possibility of good or bad management setting off a chain reaction, increases the instability of economic developments and also encourages risk and speculation so that the whole economy is wide open to shocks and damage. This is because capitalists are now more and more using credit capital, not their own capital, as stake.

The development of a deficit economy sharpens the contradiction between production

and consumption. The debts of the state and enterprises stimulate the expansion of production and as credit consumption supports the development of the economy, it at the same time, is using future buying power to pay in advance. And just when enlarged production requires greater purchasing power, the workers' purchasing power is relatively weak because debts are being called in, so that the contradiction is severely aggravated.

Besides that, inflation affects international economic relations, holds back the development of international trade and causes the international monetary situation to become even more unstable.

In a Dilemma

Inflation cuts both ways, but it is not half good and half bad. As inflation grows graver and its duration longer, its negative side becomes more pronounced and turns into the main aspect.

Facts prove that any attempt to enlarge the benefits and minimize the harm of inflation and hold down its spread to a mild pace is bound to fail. Once inflation occurs, no one can control it and it will develop along its own course.

As the national economy develops relatively fast under the stimulus of inflation, more and sharper contradictions appear and still higher inflation is needed to stimulate economic development. The result is that, while the economic crisis remains unsolved, the economy itself is plagued by a constantly worsening inflation.

Inflation today is growing more serious. Economic stagnation, soaring prices, higher unemployment and rising debts are deeply resented by the working people. In order to ease contradictions and allay dissatisfaction, the governments of the Western countries are trying to find some anti-inflation measures. Not too willingly, for they are not willing to get rid of it altogether. As they cannot find any better ways to deal with the economic crises, they fall back on inflation. While they try to get rid of inflation, they do it half-heartedly because inflation brings profits to the capitalists. This explains why the more the Western countries take steps to counter inflation, the more serious inflation becomes.

Meanwhile, the contradictions among the various Western countries are also hindering their efforts to deal with inflation. For instance, the United States' sky-high interest rates to

check inflation are being roundly condemned by some of its Western allies. High interest rates affects domestic investment and consumption and also international currencies. Large inflows of foreign capital into the United States have enlarged other countries' trade deficits and raised the value of the US dollar against other currencies. These have hurt the other countries.

The issue of high US interest rates was heatedly debated in Ottawa but the SEVEN could not find a solution. As inflation grows and the contradictions between the import and export trade, international balance of payments, foreign

exchange rates and the international currency market sharpen, inflation will become much more difficult to tackle effectively.

Inflation is a virus eating away at the fabric of the Western countries. Without radical treatment the outlook is grave. Treated, it will only fuel the crisis of overproduction.

Obviously inflation will be with the Western countries for a long time to come. "We'll have to learn to live with inflation" is what the monopoly bourgeoisie tell themselves. It shows they have come to accept inflation as an unavoidable objective reality and also the dilemma they are in. □

On the Party Resolution

Highlights in China's Economic Construction

by Wang Renzhi

The "Resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China" pointed out that great achievements have been made in socialist revolution and construction since the founding of New China. This article provides some relevant figures and facts concerning these 32 years of economic construction. — Ed.

OLD China was very backward economically and its people led extremely poor lives. Although it was known as a large agricultural country, China's agricultural production was conducted in a medieval fashion, much the same as a millennium ago. It was frequently subjected to natural disasters and failed to guarantee the people's minimum needs for food and clothing. Modern industry, transport and communications made up only a very small proportion of the entire national economy. In comparison to the advanced world standards of those times, its technical level was very low. Moreover, the structure and distribution of industry was marked by a strong economically colonial character. Before liberation, the highest annual output of grain was only 150 million

tons, cotton 850,000 tons, steel 923,000 tons, coal 82 million tons, electricity 6,000 million kwh, and cotton yarn 450,000 tons. This extremely backward economy was even further damaged during the long years of war launched by the imperialists and the Kuomintang reactionaries. Compared with the highest pre-liberation level, the output of major products in 1949 was as follows: grain output decreased by 24 per cent, cotton 48 per cent, steel 83 per cent, coal 48 per cent, electricity 28 per cent, cotton yarn 26 per cent. In short, we inherited a shambles. Now after more than 30 years of construction, China has developed from a backward agricultural country into an industrial agricultural country which has attained a considerable level of development and has set up an independent and comparatively comprehensive industrial system and national economic system. In addition, the people's living standards have generally improved.

Capital accumulation in the countryside and the support of industry have brought about notable changes in China's agricultural production. In all, 460 million *mu* of low-lying and alkaline land and sloping fields have been either improved or transformed and an additional 370 million *mu* of farmland have been

The author is the head of the policy research office of the State Planning Commission and research fellow of the Economic Institute.

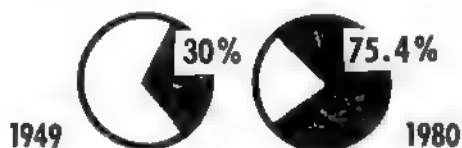


TOTAL INDUSTRIAL AND AGRICULTURAL OUTPUT VALUE

(calculated at comparable prices)

The figure of 1980 was 16.1 times that of 1949.

The proportion of industrial output value to industrial and agricultural output value



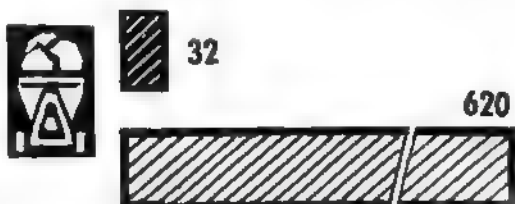
Average per-capita consumption level in 1980 (after deducting price factors) almost double that in 1952.



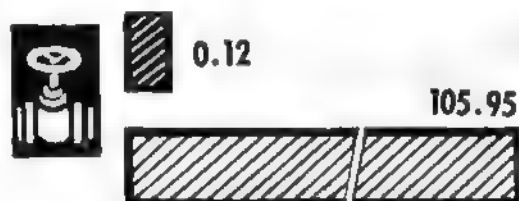
INDUSTRY

(million tons)

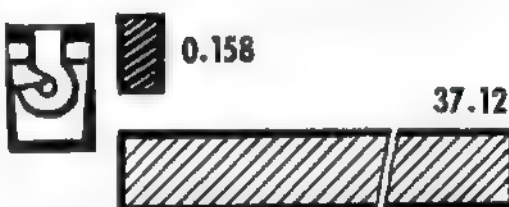
Raw coal Increase: 19.4-fold



Crude oil Increase: 882.9-fold



Steel Increase: 234.9-fold

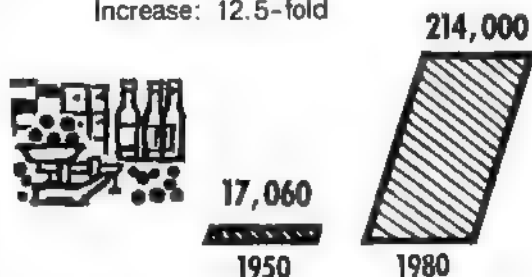


COMMERCE

(million yuan)

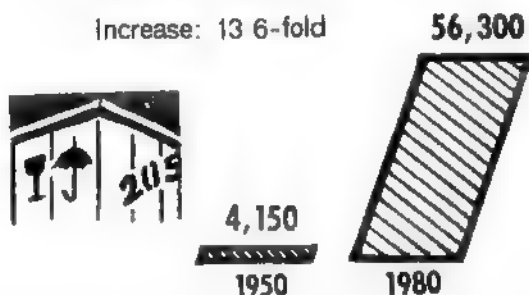
Total retail sales of social commodities

Increase: 12.5-fold



Total volume of imports and exports

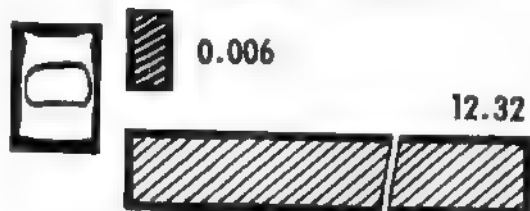
Increase: 13.6-fold



1949 1980

Chemical fertilizers

Increase: 2,053.3-fold



Cotton cloth

Increase: 7.1-fold



Bicycles

Increase: 930-fold

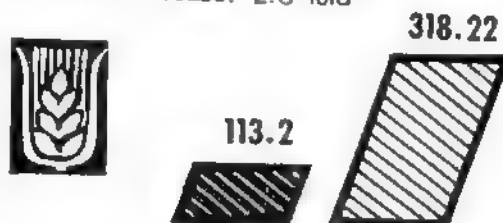


AGRICULTURE

(million tons)

Food grain

Increase: 2.8-fold



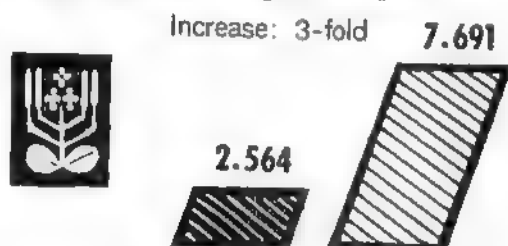
Cotton

Increase: 6.1-fold



Oil-bearing crops

Increase: 3-fold

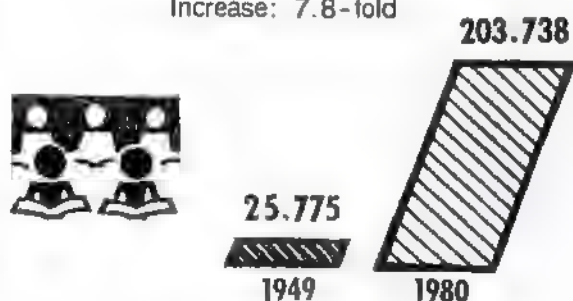


EDUCATION

(million people)

Enrolment of full-time schools

Increase: 7.8-fold



Graduates from institutes of higher learning and technical secondary schools over the last 32 years:
9 million



irrigated; adequate controls have been effected on major rivers to prevent ordinary flooding. Before liberation, there was practically no electricity, agricultural machines, or chemical fertilizers in the countryside, but by 1980, China had possessed 745,000 big and medium-sized tractors, 74.65 million hp of irrigation and drainage power machinery, applied 12.69 million tons of chemical fertilizers and consumed 32,100 million kwh of electricity.

China's industry consists of comparatively comprehensive branches and has a distribution system which is becoming more and more rational. The existing industrial sectors, including light and textile, metallurgical, coal and power industries, have experienced tremendous development; automobile, shipping, aircraft, petrochemical, electronics and other industrial departments have grown up from nothing. While production is increasing in the coastal areas, industries in the hinterland and the minority-nationality areas have developed even more rapidly. The proportion of industrial output value in the hinterland to the nation's industrial output value has increased from less than one-fourth in 1949 to one-third.

As for China's transport and communications, there has been a great increase in the mileage of railway, highway, water and air transportation; and the transportation network, which now extends to the hinterland and the border regions, is more evenly distributed throughout the country. Except Tibet, there

are railways in every province, municipality and autonomous region; all of the nation's 2,000-odd counties, except two, are linked by highways, and civil air lines connect 80 big and medium-sized cities.

Compared with the early post-liberation years, the output of major industrial and agricultural products, the turnover of railway and highway freight, the total amount of social commodities bought and sold, the total amount of imports and exports have all increased at least several times and some as many as several dozen times. The improvement in production techniques in various trades and professions as well as the achievements in nuclear, earth satellite and rocket delivery technology express in a concentrated form the progress which has been achieved in science and technology. As a result of this economic development, the nation's average consumption level has increased from 76 yuan in 1952 to 224 yuan in 1980; when price rises were deducted, it was nearly doubled.

New China's achievements in economic construction are incredible in comparison to old China and are even outstanding when viewed on a world scale.

First, the speed of China's economic development has been faster than in most other countries. If the agricultural production index was 100 in 1952, then in 1979 it was 249 in China; 166 in the United States; 184 in Bri-



A newly built liquefied petroleum gas station in Dalian, northeast China.

tain; 200 in France and 164 in Japan. If the industrial production index was 100 in 1952, then in 1979 it was 1,734 in China, 290 in the United States, 202 in Britain, 385 in France and 1,622 in Japan. (Of course, there are certain incomparable factors, for instance, China's starting-point is much lower.—Ed.) The per-capita acreage of arable land in China is much lower than the world's average; the absolute figure ranks fourth in the world. China's grain output (318.22 million tons) ranks second and cotton output (2.71 million tons) holds third place in the world. The output of China's industrial products was at first very low; now the output of some products are among the best in the world. The output of cotton yarn (2.93 million tons) ranks first, raw coal (620 million tons) ranks third, steel (37.12 million tons) ranks fifth, power output (300,600 million kwh) ranks seventh and crude oil (105.95 million tons) ranks ninth.

Second, although China's economic and technical level is still below the economically developed countries, China has laid a fairly good material and technical foundation, compared with the majority of developing countries. According to an analysis by some foreign economists, the proportion of China's GNP in industry is almost twice the average of the low-income countries of the world, and nearly a one-fourth higher than the average for medium-income countries. Since China has set up a comparatively complete industrial system, it produces a wide range of machines and equipment and is not overly dependent on imports, outstripping the majority of developing countries in these aspects.

Third, particularly noteworthy is that although China's per-capita national income is very low in the world, the livelihood of the Chinese people is better than other low-income countries and surpasses medium-income countries in certain aspects. In many developing countries, a polarization has occurred between the rich and the poor. The distribution of consumer funds between different social groups and individuals in China maintains necessary differences and avoids excessive disparity. Daily necessities like food and clothing for nearly 1,000 million people are basically guaranteed; the great majority of school-age children can receive elementary education; urban and rural inhabitants receive basic health care; the proportion of middle and primary school students to the number of youngsters who should go to school is about twice the average level of countries in the low-income bracket and much higher than the average level of countries with medium incomes. The death rate in China has dropped from 1.8 per cent in the early post-liberation years to the present 0.62 per cent, much lower than the 1.5 per cent existing in most low-income countries and the 1.1 per cent in medium-income countries. According to data provided by some regions, the average life span in China is about 68 years, 18 years more than what is found in low-income countries and seven years more than that of medium-income countries. The death rate and average life span are important indications of a country's social and economic situation and the living standards of its people. Obviously, we have made great progress in this respect. □

(Continued from p. 12.)

rejected by the five ASEAN countries.

The recent world conference on Kampuchea achieved positive results. This was in part due to the ASEAN countries' willingness to carry out consultations during the conference.

China and ASEAN

China and the ASEAN countries all belong to the Third

World. They have shared common suffering and experiences and are now facing the common task of opposing hegemonism, safeguarding national independence and building up their national economies. This is a deep-rooted basis for developing their mutual relations of friendship and co-operation. The development of relations between China and the ASEAN countries over the last few years is in accord with the as-

pirations of the people of these countries. It helps the struggle against hegemonism and contributes to peace and stability in the Asian-Pacific region. China firmly supports the proposal of the ASEAN countries to establish a free, peaceful and neutral Southeast Asia. It has always considered backing the ASEAN countries' fight against the threat from hegemonism as its bounden duty.

—Lu Tong

A Second "Golden Age" in Yichun

A new period is emerging in the Chinese countryside. Peasants are much more enthusiastic about socialism now that there is an emphasis on respecting the production teams' say over their own affairs, an effort to overcome the absolute equalitarianism in distribution and a push to diversify the economy. These new policies, which are based on the Party Central Committee's decision in December 1978 to implement flexible economic policies in the rural areas, have brought about a tremendous development in farm production. This is another big advance following that made during the period between the land reform and the agricultural co-operative movement. The new period is characterized by an all-round growth of the rural economy and improvements in peasants' livelihood.

A glimpse of these changes in the last two years or so is provided in this special feature on Yichun, one of Jiangxi Province's six prefectures. An area where the collective economy has struck comparatively solid roots, Yichun is fairly typical of one-third of the rural areas in China. Thus, a look at Yichun can be beneficial to an overall understanding of recent developments in the Chinese countryside.

Policy and Science

by Wang Shuheng, Secretary of the Yichun Prefectural Party Committee

IT sure has done the peasants a lot of good," said Shi Gan-yu, secretary of the Party committee of the Binjiang People's Commune in Yichun County, while talking to me about the Party's flexible rural economic policies adopted since the Third Plenary Session of the 11th Party Central Committee held in late 1978. "For the first time since the agricultural co-operative movement more than 20 years ago, we've found a good way to run the collective economy. Everybody's talking about how another 'golden age' has come to our villages."

The Party secretary was not talking lightly. Indeed, peasants here regard the years from the land reform movement in 1950 to the co-operative movement in 1956 as the first "golden age" because of the great improvements in their lives that occurred during that period. Now,



the developments in the last several years are prompting them to talk about the coming of a second "golden age."

Yichun County and another 12 counties and one city are under the jurisdiction of Yichun Prefecture. The prefecture comprises 2,274,600 hectares and more than 4 of its 5 million people work in agriculture, farming 455,300 hectares. Its major crop is rice but peasants also grow beans, cotton, peanuts, sesame and ramie.

In addition, they do quite a bit of forestry, animal husbandry, fishery and processing of farm and sideline products.

Turning Point

The major reason the new period seems so golden is that the great growth in production and the transformation of people's lives in Yichun Prefecture between 1950 and 1956 was followed by two difficult decades. Between 1957 and 1976, owing to "Left" errors and political turmoil, production developed erratically and slowed down until it could not keep pace with the increase of population. The annual growth rate of the population shot up to 3.5 per cent, but the annual grain output grew by only 2.8 per cent, resulting in a decrease in per-capita grain from 431.5 kilogrammes to 394.

After the gang of four fell in 1976, and particularly after the Third Plenary Session, production gradually returned to normal and then began to develop rapidly. In 1980, the pre-

Responsibility System: a Good Method

In the last few years, a responsibility system, a new way of organizing agricultural production, has been instituted in the prefecture. Production quotas are set for a group or an individual along specialized lines and remuneration is based on work accomplished. Groups ranging from a few to 20 peasants, sometimes only comprising a single household or person, are organized on a voluntary basis under the leadership of the production team. These groups or individuals sign a contract with the team which sets a certain fixed output and defines the rights and obligations. They are paid for the work they actually do. Those who overfulfil their quotas receive bonuses and those who fail to live up to their agreements are fined. This responsibility system has been widely hailed in the rural areas because it reflects the Party's principles of respecting the peasants' right to make their own decisions, getting things done in the light of local conditions and providing more pay for more work.

There are four key reasons

why this system makes sense:

First, it puts farm production under planning, while giving a great deal of leeway for carrying out the plans. Ours is a planned economy in a socialist country and farm production is, needless to say, under the guidance of state plans. But in the past these plans were so rigid that almost everything was decided from above and the peasants had no choice but do what they were told. Officials from above decided what types of crops to grow, how large an area to cultivate, how much was to be reaped and even when to begin sowing and harvesting. Peasants became fed up, feeling they were being subjected to "blind bossing." Under the responsibility system, peasants are now given the power to go ahead in farm production. The merit of this system is that it allows production to be conducted in a flexible way and avoids losses resulting from blind commandism.

Under the responsibility system, the crop-growing plans for Yichun Prefecture have been readjusted in the past few years. Although the paddyfields were reduced by nearly 10,000



prefecture's total agricultural output value reached 1,040 million yuan, 38 per cent higher than that of 1976. Of this, grain output increased 32 per cent, forestry 129 per cent, animal husbandry 33.4 per cent, sideline occupations 48.6 per cent and fishery 52 per cent. Collectively owned fixed assets such as farm machinery and water conservancy facilities were valued at more than 300 million yuan. In 1980 each peasant netted an average income of 180 yuan (including earnings from work in the collectives and from household sideline occupations), which was 68.1 per cent higher than that of 1976. Every family had more than enough to eat and wear. Peasants' savings accounts rose from 7.94 million yuan in 1976 to 42.34 million yuan and it was not uncommon to see families build new houses and buy such goods as bicycles, sewing machines and radios. With the prospering of the collective economy, the lives of the peasants improved with each passing year.

These big changes were mainly possible because of the Party's success in arousing peasant enthusiasm for production, an achievement which was accomplished by instituting flexible economic policies and adopting a scientific approach to managing production.

August 17, 1981

A specialized group carrying manure to the field.



hectares, the total grain output increased by 250,000 tons as a result of good planning.

Secondly, this system promotes the development of a rational economic structure in the rural areas. The past practice of overemphasizing the importance of grain production meant that only the cultivated land (20 per cent of the area) was under intensive care and the hilly regions and the water surfaces (60 and 10 per cent of the area respectively) were neglected. The result was a monotonous agriculture economy. The responsibility system has paved the way for an all-round development of agriculture, forestry, animal husbandry, sideline occupations and fishery. A rational division of labour and co-operation was carefully worked out in each production team which was closely linked with the local natural resources and the skills of the peasants.

Apart from grain production, other sectors of the diversified economy in Yichun Prefecture in 1980 accounted for 35 per cent of the total agricultural output value. About 20 per cent of the farm labour force worked

in these sectors. The figure will rise to 30 per cent this year.

Thirdly, labour is organized in ways that are conducive to the growth of the productive forces. We have made herculean efforts in farmland capital construction and made much headway in farm mechanization since the co-operative movement. In 1980, farm machinery in Yichun totalled 800,000 hp. But the level of the rural productive forces is still rather low. Take rice production for example. Ninety per cent of the 37 steps in the rice-growing process are unmechanized and 84 per cent of these manual labour chores are done single-handedly. Clearly, the development of farm production largely depends on how the peasants' initiative is brought into play. It is with this idea in mind that we introduced the responsibility system. We divided up the production team which generally embraces 20-30 households. This has provided favourable conditions for the peasants to do things flexibly in intensive farming and change the formerly extensive management. In my opinion, raising crop yields by greater efficiency is the best way to

develop farm production in a country like ours where a large population lives off a very limited amount of cultivated land.

Fourth, the responsibility system ensures more pay for more work. Equalitarianism in distribution, or as it is loosely termed, "everybody getting an equal share from the public pot," had long been a thorny problem for the collective economy in the rural areas. Now it has been solved with the introduction of the responsibility system. Under the system the fruits of one's labour correspond to what one gets — those who do more work get more pay. As a result, the peasants' enthusiasm for labour has soared and labour productivity has increased. Half the 86 production teams in the Xinzhi commune of Fenyi County have reported increases of over 20 per cent in total grain output after the system of giving remunerations according to output was instituted. In the 33 teams which were still hanging on to the "public pot" method, the figures stayed around 5 per cent. The conservative-minded cadres are learning a lesson from this and have begun to switch over to the new way of running their teams.

Peasants' incomes will invariably differ under this new system. But so long as the public ownership of the means of production remains unchanged, these differences will not lead to class polarization. The difference in incomes can only serve as a spur to the less advanced to catch up with the advanced. As to those families which have trouble making ends meet because of a lack of labour power, the team makes it a point to assign them the better-paying jobs and, when necessary, gives them subsidies



The family of Li Xinlin enjoying dinner.



The Yichun Lacquerware Factory producing items for export.

and other preferential treatment.

Use of Science

One persistent problem in past rural economic work was that we were often overanxious to change the relations of production (raising the level of public ownership of the means of production) while neglecting the growth of backward productive forces and the role of modern science and technology in promoting production. This problem has been redressed lately and agronomy and agro-techniques are being developed and popularized. Such efforts have enabled peasants to carry out production more effectively

• Fifteen agronomical research centres have been set up in Yichun at the county and prefectural levels in addition to 221 commune-run stations for popularizing agro-techniques. Many production brigades and teams have set up their scientific experimental groups. In all, 916 professional agro-technicians and 80,000 peasant technicians are working hard in search of new ways to develop agriculture.

The four most important achievements in rice-growing

which have been made to date are.

- Successes have been achieved in breeding and popularizing hybrid rice. As a result late rice paddies sown to hybrid strains now account for 70 per cent of the prefecture's total. In areas where a good job has been done, an increase of 1.5 tons of rice per hectare of paddyfield has been obtained

- Methods for applying fertilizers have been improved. Soil in many communes has been tested and examined, and records have been compiled about the soil content. Better results have been achieved as fertilizers are now applied to compensate for chemicals which are lacking in the soil

- The method for breeding rice seedlings has also been improved. Some communes are already using low-frequency electricity to treat rice seeds. Hotbeds have been built to grow seedlings in low-tempera-

ture weather. Output has increased as a result.

- Our methods of insect control have improved. Aside from insecticides we also use biological measures to control insects. Good results have been achieved in breeding natural enemies to paddy-rice insects such as ducks and a parasitic wasp called *Eupteronalus parnarae*. Pollution has been avoided in this way too.

Experience over the past few years reveals that building up the socialist collective economy in such a backward rural area like ours does not solve everything. Problems in management have to be solved, and efforts must be expended to develop the productive forces. Only thus can the economy thrive and people's lives be bettered and the superiority of the socialist system be brought into full play. What we have done is only the first steps in a long march.

Wanzai County Diversifies Its Economy

by Our Correspondent Wei Min

A TRADITIONAL Jiangxi saying proclaims: "Hand-made paper, ramie cloth and fireworks are Wanzai's three treasures." Today these items are still specialties of Wanzai, one of 13 counties in Yichun Prefecture

A Land of Fireworks

Wanzai has been producing fireworks since ancient times. According to county annals, fireworks from this area have been marketed in Korea, Japan

and Southeast Asia as well as other parts of China for over 600 years. This tradition has continued and there are now over 100 fireworks factories and processing workshops in Wanzai, employing over 80,000 people or 21 per cent of the county's population.

The Fireworks Factory of Huangmao commune is one of the biggest of its kind in Wanzai. It produces 21.7 per cent of Wanzai's total output, and almost half the value Huangmao commune produces comes from this one factory. All its fireworks are sold abroad.

TABLE I

Year	Total Farm	Grain Production		Diversified Economy	
	Output Value (Unit: 1,000 yuan)	Output Value (Unit: 1,000 yuan)	per cent	Output Value (Unit: 1,000 yuan)	per cent
1976	61,343.8	28,500.4	46.5	32,843.4	53.5
1980	105,729.3	43,171.6	40.8	62,557.7	59.2

TABLE II

Subdivision of Diversified Economy (Unit: 1,000 yuan)			
	cash crops	breeding	processing
1976	6,291.6	6,182.0	20,369.8
1980	21,408.1	8,374.7	32,774.9

In addition to fireworks, this county also produces timber, paper, ramie cloth, tea, castor-oil, ramie, drugs, honey, rabbits, poultry and fish. All these are products of the county's diversified economy and their value surpassed half of Wanzai's total value of agricultural output in 1980 (see Tables I and II). The total output value of the 127 small-sized processing factories in the county accounts for 32.8 per cent of the total combined output value of industry and agriculture. In Wanzai County the diversified economy has become the major source for collective accumulation and

improving the peasants' standard of living.

Setbacks

The total area of land in Wanzai is 170,000 hectares: forests 64.2 per cent; barren hills and wasteland, 9 per cent; water area, 3 per cent; and cultivated fields, 15.7 per cent. The county has a population of 380,000. Because the per-capita cultivated land is less than a tenth of a hectare, it is imperative that the economic structure be diversified. But in the past, the county had to invest a large amount of funds and utilize 85 per cent of its labour force in farming, with overemphasis on grain production. Especially during the 10 chaotic years 1966-76, the diversified economy was regarded as dangerous and the production of many traditional local products was discouraged.

The slogan "taking grain as the key link" in agriculture was pushed to an extreme, without any consideration of the concrete conditions in the various localities. This was regarded as the only socialist road in agriculture whereas the development of the diversified economy was labelled as "taking the capitalist road" and as "putting money in command" (the income from the diversified economy usually is greater than that from grain production). Under such circumstances, the growing of many cash

crops was greatly reduced. For instance, in the Daqiao commune, which spreads across hilly terrain, the output of ramie in 1976 was down 96.36 per cent from 1966; raw lacquer, 98.9 per cent; and hand-made paper, 67 per cent.

The sabotage of the diversified economy caused the average annual income per capita in this county to decrease from 86.3 yuan in 1958 to 58 yuan in 1976. Grain output also declined because the enthusiasm of the peasants was destroyed by the equalitarian method of distribution. The average per-capita food grain went down from 262 kilogrammes to 212. The former "rich Wanzai" became a poor county.

Flexible Policies

Wanzai County has recently introduced various forms of the responsibility system in farm production. Following the Third Plenary Session of the 11th Party Central Committee in 1978 which exposed and criticized the Left errors and adopted a flexible policy towards rural areas, production tasks were assigned along specialized lines and remuneration was directly linked to farm output in each line of production. In Wanzai, peasants are delighted with the fruits of this new management system and skepticism about the diversified economy has vanished.

How was this achieved? First the new county Party committee put forward the slogan "firmly grasp grain production with one hand and the diversified economy with the other" and mobilized the peasants to diversify production. A county office for diversifying the economy was set up to aid this process; it organized peasants to utilize the barren hills and uncultivated land. In less than a year, over 4,000 hectares of



In a fireworks workshop run by the Huangmao People's Commune

land were reclaimed as production bases for the development of the diversified economy. Now, 217 major production bases have been established by the county, including areas for the growing of tea-oil trees, tung oil trees, lacquer trees, tangerines, tea and spearmint. Such production bases have also been established by the communes and production brigades. The production of fireworks in Huangmao commune has also developed rapidly and is at an all-time high.

Household sideline occupations and plots for personal needs have become important sources of peasant income. In 1980, the per-capita income from these sources in Wanzai was 73.20 yuan. Long Chengguang's family in Sanxing commune not only energetically works in the collective production but also in household sidelines. Last year, this family earned 1,634.70 yuan from collective production and 720 yuan from household sidelines and their plot for personal needs, averaging 400 yuan per person.

Peasants' Joy

The rapid development of the diversified economy has quickly changed the unitary eco-

nomic structure in agriculture. In the diversified sector of the rural economy. Numerous peasants have found new ways to

TABLE III

Year	Total grain output	Per-hectare yield	Income from diversified economy	Per-capita income from the collective
1976	120,498 tons	4.97 tons	8,652,400 yuan	58 yuan
1980	172,360 tons	7.26 tons	22,496,400 yuan	118.10 yuan

accounted for 20 per cent of the total farm output value. Now it has risen to 59.2 per cent. Grain output has also gone up because the responsibility system in production has been implemented and equalitarianism overcome. The peasants' income has markedly increased (see Table III).

The development of a diversified economy has opened up vast vistas for the rational exploration and utilization of natural resources. The barren hills, wastelands and water areas have new potential. The partially utilized and scattered labour force of the past has now been organized into flexible labour organizations. Now 518 factories and specialized teams, 2,636 groups, 661 households and 3,142 workers are engaged

utilize their special skills or knowledge.

Tang Yiyi, a peasant in Li-quan Production Brigade, is a good hunter and fish breeder. But he is not so skilful in field labour. Unable to develop his skills in the past, he remained a bachelor when he approached 30. In 1979, the production brigade assigned him to breed fish and signed a contract with him fixing output quotas. In addition to raising fish he also went hunting. That year, he earned a net income of 800 yuan; last year, it rose to 1,100 yuan. As a result, he has been able to build himself new housing, get married and have a son.

It is the common remark of the Wanzai peasants that the socialist road before them is becoming wider and wider.



Left: A member of a family specializing in rabbit-raising.
Right: Specialized fish raisers in action.

Scientific Farming in Shanggao County

by Our Correspondent Wei Min

SHANGGAO, like all of China, has limited arable land, 0.1 hectare per capita. How can so little land be used to grow ample food?

Answering this question, Shen Houxing, deputy head of the Shanggao's agricultural bureau, said: "Efforts must be made to raise per-unit output by farming scientifically. We must improve the soil, plant better strains, engage in rational close planting, apply fertilizer and water appropriately, do a good job of field management and prevent and eliminate plant diseases and pests.

"This does not mean we do not need mechanization. Mechanization can greatly raise productivity. To raise per-unit output, however, it is necessary to apply agricultural science and to do farmwork intensively and meticulously."

Eager to Learn Scientific Knowledge

The peasants know the importance of scientific farming. Several years ago, however, they were not interested in it. Why? Because at that time, the peasants had no decision-making power and since equalitarianism was pursued in distribution, it made little difference whether one produced well or not. The peasants were not very concerned about the output, so why would they have a desire to increase the harvest by applying science.

In the last few years, things have changed radically. The peasants not only have the right to decide their local affairs but a new distribution method has also been adopted. Pay is being

given in proportion with the amount produced and more pay for more work has been guaranteed. The peasants' desire for higher output has rekindled the desire for knowledge about science and technology. Examples of studying and applying scientific methods have been emerging everywhere in the country.

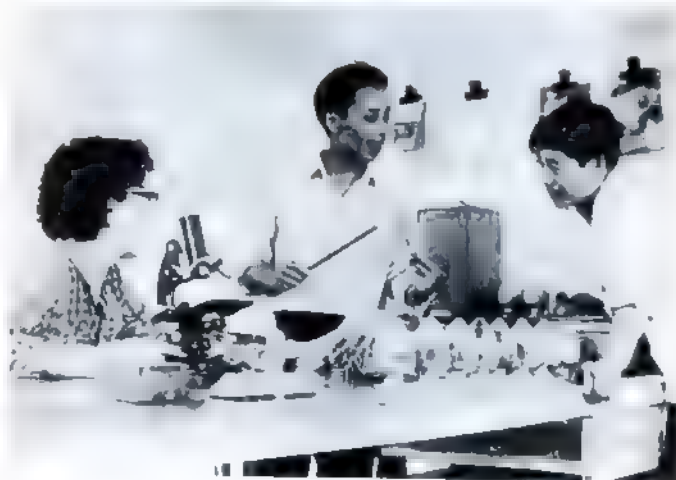
One such example is the 7th production team of the Guanqiao Production Brigade, Jiangkou commune. In 1979 a scientific survey team of the county examined the chemical composition of the county's land and drew a chart showing how much and what kind of fertilizers should be applied to different soils. Learning this, the production team spread fertilizers according to the chart and consequently raised their output by 28.7 per cent, or an average increase of 1.785 kilogrammes per hectare over 1978. The 5th production team's output increased only 3 per cent as it had followed the traditional ways. The 5th team's leader later reflected: "Scientific farming is

really something! One will have himself to blame if he doesn't believe in it." The next year, this team applied fertilizers according to the chart and their total output jumped 35 per cent, an increase of 2.6 tons per hectare.

Because the peasants desire more scientific knowledge, the communes in Shanggao County have set up libraries and reading rooms. In the library of the Nanhu brigade, Jinjiang People's Commune, the shelves were jammed with books and magazines, and many young people utilize the facility. Fu Runyuan, the 48-year-old deputy secretary of the Shihu brigade's Party branch, received little formal education. To improve his technical level he studies hard. While reading, he asks others when he has problems in understanding and he carefully jots down what information he thinks will be useful. The brigade, partly as a result of his efforts, has chosen to introduce good rice strains and has consistently raised its output.

Organizations for Agricultural Science

The peasants' eagerness to master science and technology



Shen Houxing (middle) talking with commune agro-technicians.

SPECIAL FEATURE DIVERSIFIED ECONOMY

has promoted the establishment of a network for agricultural science and technology in Shanggao County.

Shen Houxing explained that their agricultural bureau is the leading administrative organ. Under it are a crop cultivation station, a plant protection station, an industrial crop station, a soil and fertilizer station, a management station and a seed company. These units are the scientific and technical centres for the county's agriculture. They employ 33 full-time personnel including six agronomists, 10 assistant agronomists and eight technicians.

The county embraces 12 communes. An agricultural machinery management station and an agricultural scientific and technical popularization station have been set up in each commune and is staffed by county-paid personnel. The former is responsible for training drivers, utilization of large agricultural machines and repair work. The latter is responsible for seed selection, soil improvement, rational application of fertilizers, field management, the prevention and elimination of plant diseases and pests, and training of local agro-technicians.

A three-member team for the popularization of agrotechnology has been established in each brigade. Its tasks are to carry out tests with selected seeds and experiment with new methods recommended by the commune.

Each production team, which is usually the basic accounting unit, has an agricultural technician. He is often the team leader or deputy team leader with some scientific and technical knowledge. The agro-technician's task is to popularize the use of good seeds and advanced technology proved



Commune agro-technicians testing soil in the field.

successful by experiments of the production brigade.

There are altogether 2,700 agro-technicians in the brigades and the teams of Shanggao County. Like other peasants, they take part in productive labour and receive pay from their respective brigades or teams.

Training courses of different types are sponsored several times a year by the six stations under the county agricultural bureau. The agro-technicians are thus able to raise their levels and master new advanced techniques.

Liu Enzhu, 31, a worker at the agricultural scientific station of Shuikou commune, is an agro-technician trained at such a course. In 1980, he headed a five-member group to investigate locally harmful insects. In one year they identified and catalogued 140 varieties of pests. The group has made use of the discoveries in the commune to control insect pests. Liu himself recently authored a paper in this field.

Hybrid Rice

The *Shanyou No. 2*, a hybrid rice, is considered the premier example of introducing and popularizing better varieties.

In Shanggao County two crops are harvested a year. The output of early rice is fairly high and the strain is considered good, but the output of the second crop has always been low. To end this situation, the county agricultural bureau began from 1976 to introduce the new strain, *Shanyou No. 2*.

This type of hybrid rice is a strain that has been recommended by the agricultural scientific institute in Yichun Prefecture and scientists in neighbouring Hunan Province as having these advantages: developed roots, strong tillering capacity, sturdy stems, wide adaptability and a high number of ears. Since its popularization throughout the county in 1977, marked results have been achieved while the average per-hectare yield of 6.56 tons in 1977 was increased to 8.09 tons in 1980. □

New Archaeological Achievements

Thirty Years of Archaeological Work

《文物考古工作三十年》

Edited by the Editorial Committee of Cultural Relics,
Published by the Publishing House of Cultural Relics,
RMB 3.50 yuan.

The old popular saying that "Chinese culture originated on the Central Plains and spread out from there" has now been disproved. According to the authoritative account provided in "Thirty Years (1949-79) of Archaeological Work," a collection of 30 articles, the splendid ancient Chinese culture was created jointly by Hans and various nationalities living throughout China.

Although the study of inscriptions on ancient bronzes and stone tablets and other epigraphs has been going on for a long time in China, it was only in this century that modern archaeological science was introduced and applied. Before liberation, there were very few archaeological excavations in China, including those by foreign scholars. The most important historical relics uncovered before 1949 were at the site of the Neolithic Age in Yangshao village, Mianchi County, Henan Province, which was discovered in 1921, and at Longshan town, Licheng County, Shandong Province, which was unearthed in 1928. From these limited archaeological finds, people concluded that ancient Chinese culture originated on the Central Plains.

Great advances have been witnessed in Chinese archaeology since the founding of New China. Special archaeological institutions have been set up at both the central and local levels and many Neolithic sites have been excavated over the last 30 years. Similar cultural relics to those found in Yangshao and Longshan before liberation were also discovered in Inner Mongolia and Hebei in the north; Shanghai and Zhejiang in the east; and Guangdong and Fujian in south China. It is on the basis of these fresh archaeological sites that scholars have confirmed that ancient Chinese culture was created jointly by the peoples of various Chinese nationalities. Some of the articles for this collection were written by staff members of historical relics museums and archaeological institutions in 29 provinces, municipalities and autonomous regions. One article entitled "Archaeological Finds in Thirty Years in Taiwan Province" was written at Xiamen University.

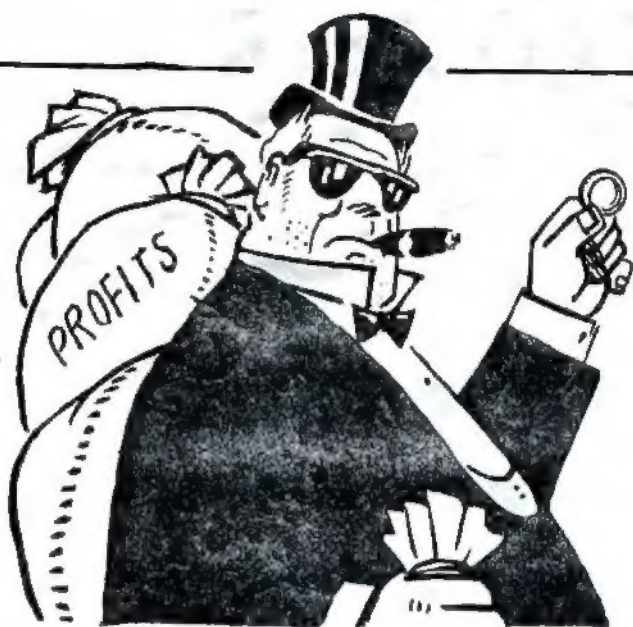
This article describes how archaeological workers in Taiwan Province, despite their limited working conditions, have discovered many valuable cultural relics over the last 30 years. Available archaeological materials have amply proved that the nationalities of Taiwan have, since time immemorial, maintained close ties with those of the southeast coasts of China's mainland. They have jointly developed the country and their activities constitute an integral part of the country's history.

Each article of the book provides information about the historical features and conditions of the region concerned.

For instance, Shaanxi Province in northwest China was the home of Zhou nationality. Changan became the capital for the Qin Dynasty (221-207 B.C.), which was the first dynasty to unify China, of the Han Dynasty (206-220 B.C.) and the Tang Dynasty (618-907), in the period of great prosperity. The article by researchers in Shaanxi Province expounds the significance of the major archaeological excavations of bronze ware in Zhouyuan, the terracotta of warriors and horses of the Qin Dynasty and the royal families of the Tang Dynasty. Hunan of central China was the site of Chu State of the Warring States Period (475-221 B.C.). The article by the Hunan researchers gives a detailed account about the excavation of the Han tomb in Mawangdui of Changsha and the ancient books copied on silk, including *Jingfa*, (a classical philosophical work) which have been unearthed. The best preservation of archaeological sites occurred in the ancient cities in Xinjiang because of the arid climate. The article by Xinjiang archaeologists also record the results of surveys and investigations of 11 ancient cities. The compilation of these articles not only presents a glimmering picture of ancient Chinese civilization, but provides people with valuable reference materials for the study of China's pre-history.

The nearly 500 illustrations included in this volume show the typical cultural relics unearthed in China over the last 30 years. All in all, *Thirty Years of Archaeological Work* is an interesting and useful work for both the specialists and those with a general interest in the topic.

— Wen Wu



Isn't this enough for welfare?

Zhu Kenhui



Liu Qingtao



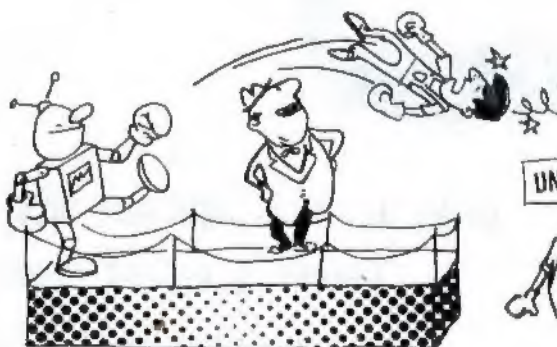
Humour In China

CHINESE CARTOONISTS
ON LIFE IN THE WEST



Hold Up

Wang Mi



The Robot Age



Shen Shubin

TSINGTAO BEER



Brewed from
Laoshan alkaline
mineral water

We recommend this
beverage to all who
visit China and to
people abroad

**CHINA NATIONAL CEREALS, OILS & FOODSTUFFS
IMPORT & EXPORT CORPORATION
Shandong Foodstuffs Branch**

70 Zhongshan Road, Qingdao (Tsingtao), China

Cable Address: FOODSTUFFS TSINGTAO